



STATE BOARD OF EQUALIZATION

(916) 445-3723

August 1, 1978

W--- [---] Co.
XXX --- ---
--- ---, CA XXXXX

Re: SZ -- XX-XXXXXX

Gentlemen:

On September 4, 1969, we wrote a letter to you, a copy of which is enclosed. Since writing that letter, we have had occasion to reconsider the question involved and have changed our view.

It is now our opinion that no California sales or use tax will apply under the following facts. W--- purchases a locomotive from an out-of-state manufacturer, taking title out-of-state. W--- immediately leases the locomotive to another railroad company which uses it in for-hire transportation of property into California where, within 90 days after purchase, W--- takes possession of the locomotive and immediately proceeds to use it solely in interstate commerce both in and out of California, although principally in California. It is our view that in accord with Regulation 1620, a copy of which is enclosed, no sales tax will apply since the sale is outside of California and no use tax will apply since the property is purchased for use in interstate commerce, placed in use in interstate commerce prior to its entry into this state, and is thereafter used continuously in interstate commerce.

Sincerely,

Thomas P. Putnam
Assistant Chief Counsel

TPP:po
Enclosures